United Nations

FCCC/IRR.1/ISL

Framework Convention on Climate Change

Distr.: General
23 February 2015

English only

Report of the technical review of the first biennial report of Iceland

Developed country Parties are requested, in accordance with decision 2/CP.17, to submit their first biennial report to the secretariat by 1 January 2014. This report presents the results of the technical review of the first biennial report of Iceland conducted by an expert review team in accordance with the "Guidelines for the technical review of information reported under the Convention related to greenhouse gas inventories, biennial reports and national communications by Parties included in Annex I to the Convention".

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I. Introduction and summary

A. Introduction

1. For Iceland, the Convention entered into force on 21 March 1994. Under the Convention, Iceland made a commitment to contribute to the European Union (EU) quantified economy-wide emission reduction target jointly with all EU member States to reduce the greenhouse gas (GHG) emissions of the EU by 20 per cent by 2020 below the 1990 level.

2. This report covers the in-country technical review of the first biennial report (BR1)[1] of Iceland, coordinated by the secretariat, in accordance with the "Guidelines for the technical review of information reported under the Convention related to greenhouse gas inventories, biennial reports and national communications by Parties included in Annex I to the Convention" (decision 23/CP.19).

3. The review took place from 25 to 30 August 2014 in Reykjavik, Iceland, and was conducted by the following team of nominated experts from the UNFCCC roster of experts: Mr. Xiang Gao (China), Ms. Maria Gutiérrez (Mexico), Ms. Pia Paola Huber (Austria) and Mr. Dylan Muggeridge (New Zealand). Ms. Gutiérrez and Ms. Huber were the lead reviewers. The review was coordinated by Ms. Ruta Bubniene (secretariat).

4. During the review, the expert review team (ERT) reviewed each section of the BR1.

5. In accordance with decision 23/CP.19, a draft version of this report was communicated to the Government of Iceland, which provided comments that were considered and incorporated, as appropriate into this final version of the report.

B. Summary

6. The ERT conducted a technical review of the information reported in the BR1 of Iceland according to the "UNFCCC biennial reporting guidelines for developed country Parties" (hereinafter referred to as the UNFCCC reporting guidelines on BRs).

7. During the review, Iceland provided further relevant information, in particular with regard to the quantified economy-wide reduction target, policies and measures (PaMs), projections, and provision of support to developing countries.

1. Completeness and transparency of reporting

8. Gaps and issues related to the reported information identified by the ERT are presented in table 1 below.

2. Timeliness

9. The BR1 and the common tabular format (CTF) tables were submitted on 7 March 2014, after the deadline of 1 January 2014 mandated by decision 2/CP.17. The ERT noted with concern the delay in the submission of the BR1 and CTF tables. Iceland resubmitted its BR1 CTF tables on 21 October 2014, adding three projects on revegetation and forestry in CTF table 3 on PaMs and adding explanatory footnotes in CTF table 7 on provision of support. The ERT commends Iceland for its more elaborated reporting. The ERT

[1] The biennial report submission comprises the text of the report and the common tabular format (CTF) tables. Both the text and the CTF tables have been subject to the technical review.

recommends that Iceland improve the timeliness of submission of biennial reports (BRs) and submit its second BR and corresponding CTF tables by 1 January 2016.

3. Adherence to the reporting guidelines

10. The information reported by Iceland in its BR1 is mostly in adherence to the UNFCCC reporting guidelines on BRs as per decision 2/CP.17 (see table 1).

Table 1

Summary of completeness and transparency issues of reported information in the first biennial report of Iceland

Sections of the National report	*Completeness*	*Transparency*	*Reference to paragraphs*
Greenhouse gas emissions and trends	Complete	Transparent	NA
Assumptions, conditions and methodologies related to the attainment of the quantified economy-wide emission reduction target	Complete	Transparent	NA
Progress in achievement of targets	Complete	Mostly transparent	17, 22
Projections	Mostly complete	Partially transparent	30–31
Provision of support to developing country Parties	Mostly complete	Mostly transparent	33–35, 47, 52

Abbreviation: NA = not applicable.

[a] A list of recommendations pertaining to the completeness and transparency issues identified in this table is included in the chapter on conclusions and recommendations.

II. Technical review of the reported information

A. All greenhouse gas emissions and removals related to the quantified economy-wide emission reduction target

11. Iceland has provided a summary of information on GHG emission trends for the period 1990–2011 in its BR1 and CTF table 1. This information is consistent with the 2013 national GHG inventory submission. The data on emissions for 2012 can be found in the 2014 national GHG inventory.

12. Total GHG emissions[1] excluding emissions and removals from land use, land-use change and forestry (LULUCF) increased by 26.3 per cent between 1990 and 2012, whereas total GHG emissions including net emissions or removals from LULUCF increased by 9.8 per cent over the same period. Further information on the review of emissions and emission trends is provided in chapter II.A of the report of the technical review of the sixth national communication (FCCC/IDR/NC6).

B. Assumptions, conditions and methodologies related to the attainment of the quantified economy-wide emission reduction target

13. In its BR1 and CTF table 2, Iceland reported a description of its quantified economy-wide emission reduction target, referred to henceforth as the target, including

[1] In this report, the term "total GHG emissions" refers to the aggregated national GHG emissions expressed in terms of carbon dioxide equivalent excluding land use, land-use change and forestry, unless otherwise specified.

associated conditions and assumptions. Under the Convention, Iceland participates in the EU quantified economy-wide emission reduction target to achieve a 20 per cent reduction in emissions by 2020 compared with the 1990 level. The target for the EU and its member States is formalized in the EU's 2020 climate and energy package. This includes the European Union Emissions Trading System (EU ETS) and the effort-sharing decision (ESD). This legislative package regulates emissions of carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6) and nitrogen trifluoride (NF_3) using global warming potential (GWP) values.

14. The GWP values are taken from the Fourth Assessment Report of the Intergovernmental Panel on Climate Change. LULUCF is excluded from the base year level and target. In Iceland's Climate Change Action Plan (hereinafter referred to as the Action Plan), no acquiring of carbon credits through mechanisms is expected. Iceland will, however, retain an option to use market-based mechanisms to acquire carbon credits during the period 2013–2020, in line with the rules of relevant EU climate legislation applicable to Iceland.

C. Progress made towards the achievement of the quantified economy-wide emission reduction target

15. In its BR1 and CTF tables 3 and 4, Iceland reported information on its mitigation actions implemented and planned since its fifth national communication (NC5) to achieve its target. Iceland also reported that it does not intend to use units from LULUCF and units from market-based mechanisms to achieve its target.[1]

16. The ERT reviewed the reported information and provided its assessment of progress made towards achieving the target. Across the EU and Iceland, it is expected that the market mechanism of the EU ETS will guarantee that emissions from sectors under this scheme (mainly large point sources such as power plants and industrial facilities) will achieve the 2020 target of 21.0 per cent below the 2005 level. The level by which Iceland has to reduce its emissions not covered under the EU ETS by 2020 compared with the 2005 level is yet to be decided.

17. The ERT noted that the description of the target could benefit from further elaboration of the linkages with the EU climate change policy and recommends that Iceland improve the transparency of the reporting by elaborating on the description of its 2020 target in its next BR.

1. Mitigation actions and their effects

18. Iceland provided in its BR1 a copy of CTF table 3 with a reference to the NC6 for the description of its package of mitigation actions introduced to achieve its target. The BR1 provided information on mitigation actions organized by sector and by gas. A detailed review of the reported information is provided in chapter II.B of the IDR/NC6. Iceland has provided an overview of its overall climate policy context, including references to its 2007 Climate Change Strategy and its 2010 Action Plan. Iceland also reports that Icelandic environmental legislation has become aligned with EU legislation through the European Economic Area (EEA) Agreement.

[1] Iceland intends to use units from LULUCF to achieve its target for the first and second commitment periods of the Kyoto Protocol. Iceland retains an option to use market-based mechanisms to acquire carbon credits during the second commitment period of the Kyoto Protocol.

19. Table 2 provides a concise summary of the key mitigation actions implemented by Iceland to achieve its target. The table includes a summary of the 10 key actions that Iceland has implemented under the Action Plan, adopted by the Icelandic Government in 2010.

20. Although table 2 matches table 4 provided in the IDR NC6, the ERT notes that the summary information on PaMs presented in the NC6 and in the BR CTF tables (table 4.2 in the NC6 and BR CTF table 3) are inconsistent and not fully complete. The ERT encourages Iceland to improve the consistency, completeness and, therefore, the transparency of the reporting of summary PaMs in its next BR.

Table 2
Summary of information on policies and measures reported by Iceland

Sectors affected	*List of key policies and measures*	*Estimate of mitigation impact (kt CO_2 eq)*
Policy framework and cross-sectoral measures		
Energy	Climate Change Strategy 2007	NA
	Climate Change Action Plan 2010	1 330–1 570
	European Union Emissions Trading System[a]	100–150
	Carbon tax on fossil fuels[b]	50–100
	Enhanced R&D and innovation in the field of R&D[c]	100–200
Renewable energy	Icelandic National Renewable Energy Action Plan 2012	NE
	Grants for geothermal exploration in "cold areas"[d]	NE
Residential and commercial sectors	Electrification of the fishmeal industry[e]	25–50
Transport	Transport Policy Plans for 2011–2022 and 2011–2014 (2012)	NE
	Changes in taxes and fees for cars and fuels[f]	20–100
	Low-emission vehicles in public procurement[g]	NE
	Increased public transportation and cycling[h]	20–40
	Biofuels for the fishing fleet[i]	50–170
Industrial sectors	Electrification of the fishmeal industry	NE
	Legislation and regulation to control fluorinated gases	NE
Agriculture	Applied research experiments on fertilizer application	NE
Forestry	Forestry Strategy (2013)	NE
	Government funding for afforestation and revegetation[j]	775
	Restoration of wetlands[k]	50–100
Waste management	National Plan for Waste Management (2004–2016)	NE

Note: These estimates were not provided by Iceland in its sixth national communication. The estimates are based on the original Climate Change Action Plan, and were provided to the expert review team during the review.

Abbreviations: NA = not applicable, NE = not estimated, R&D = research and development.
[a] The measure is one of the 10 key measures in the Action Plan.
[b] 'Cold areas' are remote areas that are not connected to geothermal energy sources.

21. Iceland provided information on changes in its domestic institutional arrangements, including institutional, legal, administrative and procedural arrangements used for domestic compliance, monitoring, reporting, archiving of information and evaluation of the progress towards its target. A committee, chaired by the Ministry for the Environment and Natural Resources and composed of representatives from various central government agencies and local authorities, was appointed in 2011. The committee issues annual status reports to monitor the implementation of key actions and the effects of the Action Plan on actual emissions compared to set objectives.

22. The ERT noted during the review that no information was provided in CTF table 3 regarding mitigation actions in the LULUCF sector. While the ERT acknowledges the cross-reference to chapter 4 of the NC6, reporting mitigation information for the LULUCF sector is important for Iceland, particularly as the Party anticipates using removal activities from the LULUCF sector. To improve consistency across reports and the transparency of its future BR submissions, the ERT recommends that Iceland report the same information in CTF table 3 as that reported in the summary table of PaMs in the NC. The ERT recommends that Iceland improve the completeness of its reporting by including specific information on mitigation actions in the LULUCF sector.

23. Limited and incomplete information is provided in CTF table 3 on estimates of the mitigation impacts of individual actions. It is also unclear for which year these estimates are provided. During the review, Iceland explained that the estimates provided are the mean values of mitigation ranges estimated for the 10 key actions of the Action Plan. The ERT encourages Iceland to provide more transparent and complete information on the mitigation effects of its individual reported actions, and also encourages Iceland to continue its efforts to estimate the mitigation effect of its PaMs.

24. The NC6, Iceland's 2013 annual submission and additional information provided during the review present several initiatives of Iceland aimed at minimizing adverse impacts. These include cooperating in the further development of geothermal technologies and supporting developing countries in the area of sustainable utilization of natural resources through its administration of the United Nations University Geothermal Training Programme, as well as conducting research on sequestration of CO_2 in the form of carbonate minerals in basaltic bedrocks. The ERT encourages Iceland to include this type of information also in its next BR.

2. Estimates of emission reductions and removals and the use of units from the market-based mechanisms and land use, land-use change and forestry

25. Iceland reported in its BR1 and CTF table 4 on the contribution from LULUCF and on its plans to not use market-based mechanisms under the Convention to achieve its target,[4] as illustrated in table 3. Iceland reported on its exclusion of the LULUCF contribution from its progress to its target in its BR1.

[4] Iceland intends to use units from LULUCF to achieve its target for the first and second commitment periods of the Kyoto Protocol. Iceland retains an option to use market-based mechanisms to acquire carbon credits during the second commitment period of the Kyoto Protocol.

Table 3

Summary information on the use of units from market-based mechanisms and land use, land-use change and forestry as part of the reporting on the progress made towards achievement of the target by Iceland

Year	Emissions excluding LULUCF (kt CO_2 eq)	LULUCF emissions/removals[a] (kt CO_2 eq)	Emissions including LULUCF (kt CO_2 eq)	Use of units from the market-based mechanisms[b] (kt CO_2 eq)
Base year (1990)	3 508	NE	4 683	0
2010	4 646	NE	5 437	0
2011	4 441	NE	5 187	0
2012	4 468	NE	5 174	0

Abbreviations: LULUCF = land use, land-use change and forestry, NE = not estimated.

[a] In common tabular format (CTF) table 4, Iceland reported a contribution from the LULUCF sector of 795.80 kt CO_2 eq in 2010 and 746.28 kt CO_2 eq in 2011 as part of information on progress towards the target. The expert review team noted that these values correspond to the values of emissions/removals from the LULUCF sector based on the 2013 annual submission and did not include these values in the above table.

[b] In CTF table 4, Iceland did not report on units that it intends to use to achieve the target. The first biennial report indicates that Iceland does not intend to use units from the market-based mechanisms.

3. Projections

26. Iceland has provided in its BR1 and CTF tables 5 and 6 information on its updated projections for 2020 and 2030. According to the reported information in the BR1, the projected emission trends without LULUCF are 23.7 per cent above the base year (1990) level by 2020 and 23.0 per cent above by 2030.

27. A detailed review of the reported information is provided in chapter II.C of the IDR NC6.

28. In its BR1, Iceland did not provide sufficient information on the changes since the previous NC in the methodologies used for the preparation of projections, but provided a good overview of the key variables and assumptions used in the projections analysis in CTF table 5. The ERT encourages Iceland to elaborate on the changes in the projection methodologies used in the next BR.

29. According to the information provided in the NC6, a 'with measures' projection was developed for the submission of the NC6/BR1. This projection differs from the former two 'business as usual' emission projection scenarios (with different industrial activity levels) and the 'with measures' projection of the NC5 based on the estimated mitigation gains from individual actions under Iceland's 2010 Action Plan. For the new projection, some of the measures in the Action Plan have been taken into account, although not all of them have been fully implemented. Iceland provided more detailed information about the new projection and its underlying key variables and assumptions during the review.

30. The ERT recommends that Iceland improve transparency and clearly explain which PaMs, including those from the Action Plan, are included in the 'with measures' scenario in the next BR. To enhance transparency, Iceland may wish to develop and report a 'without measures' scenario.

31. The ERT noted that there is no projection for LULUCF in the BR1, but instead Iceland reports the projection for forestry and revegetation. The ERT recommends that Iceland report the LULUCF projections in the next BR.

D. Provision of financial, technological and capacity-building support to developing country Parties

1. Provision of financial support to developing country Parties

32. In its BR1 and CTF tables 7, 7(a) and 7(b), Iceland reported information on the provision of financial, technological and capacity-building support required under the Convention.

33. Iceland's BR1 does not include some of the information required by the UNFCCC reporting guidelines on BRs, namely: a description of its national approach for tracking the provision of financial support to Parties not included in Annex I to the Convention (non-Annex I Parties); how it seeks to ensure that the resources it provides effectively address the needs of non-Annex I Parties with regard to climate change adaptation and mitigation; and an indication of what "new and additional" financial resources it has provided, which should also be presented in CTF table 7. The information on private financial flows, and policies and measures that promote the scaling up of private investment in mitigation and adaptation activities in developing country Parties, is also limited.

34. The ERT recommends that Iceland provide in its next BR the description of its national approach for tracking the provision of financial support to non-Annex I Parties, including information on indicators and delivery mechanisms used and allocation channels tracked, how it seeks to ensure that the resources it provides effectively address the needs of non-Annex I Parties with regard to climate change adaptation and mitigation, and the indication of what "new and additional" financial resources the Party has provided in CTF table 7. The ERT also encourages Iceland to enhance reporting in its next BR to improve the transparency of the information on private financial flows, and on PaMs that promote the scaling-up of private investment in mitigation and adaptation activities in developing country Parties.

35. In its BR1, Iceland provided details on what "new and additional" financial resources it has provided and clarified how these resources are "new and additional". However, Iceland has not included the definition of "new and additional" financial resources in BR CTF table 7. In the revised BR CTF tables (version of 21 October 2014) Iceland has included this definition in the documentation box of CTF table 7. The ERT recommends that Iceland provide this information in its next BR.

36. The annual increment of official development assistance (ODA) is defined by Iceland as "new and additional". In determining "new and additional" financial resources, Iceland takes into account the annual increment of ODA and the growing share of climate-related ODA of total ODA. In this regard, in 2012, Iceland contributed approximately USD 2.4 million in "new and additional" support, which is 34 per cent more than in 2011.

37. With regard to the most recent financial contributions, Iceland committed USD 1 million to fast-start finance to be disbursed in 2011 and 2012. Iceland's fast-start finance was appropriately balanced between adaptation, mitigation and capacity-building, giving special attention to women's empowerment. The United Nations University Land Restoration Training Programme and related projects are also supported by Iceland's fast-start finance commitments. Iceland provided supplementary information during the review, which shows the achievement of its commitment of USD 1 million support in 2011 and 2012. Table 4 includes some of the information reported by Iceland on its provision of financial support.

Table 4
Summary of information on provision of financial support in 2011–2012
(Thousands of United States dollars)

	Years of disbursement	
Unknown channel of public financial support	2011	2012
Official development assistance	25 560	26 120
Fast-start finance	350	650
Climate-specific contributions through multilateral channels, including	5 623	6 672
Contributions through United Nations bodies	4 079	4 712
Other	1 544	1 959
Climate-specific contributions through bilateral, regional and other channels	1 640	3 042

2. Approach used to track support provided

38. Iceland's ODA grew significantly from 2006 to 2009, reaching 0.4 per cent of gross domestic product in 2008. However, in the wake of the country's economic crisis, Iceland's ODA was reduced and was 0.4 per cent in 2009 and 0.3 per cent in 2010. In 2011 and 2012, the ODA was 0.2 per cent of gross national income. In 2012, Iceland began the process of implementing the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) statistical reporting methods; therefore, comparable financial support information is only available for the years 2011 and 2012.

39. In its NC 5, Iceland has reported that its financial support is generally focused on the least developed countries, while according to its BR1, it prioritized support for Afghanistan, Malawi, Mozambique, Uganda and the State of Palestine. All, except the State of Palestine, are least developed countries, and climate change is a cross-cutting issue in all of them. In its BR1, Iceland reported that natural resources, human capital and peace-building are priority sectors, with special emphasis on gender equality and environmental sustainability, including climate change, as cross-cutting themes, compared with the focus on sustainable development, poverty reduction, capacity-building, gender equality and advancement of democracy in its NC 5.

40. Projects and programmes marked with the DAC Rio markers indicate that major activities are targeting the objectives of the Rio Conventions. The activities marked with the Rio markers are assessed to be assistance to the implementation of the Convention, directly and or indirectly.

41. Financial support from Iceland during 2011–2012 emphasized adaptation rather than mitigation, while there was also a significant amount of cross-cutting support. Iceland provided USD 5,623 thousand and USD 6,672 thousand for support through multilateral channels in 2011 and 2012, respectively, which shows a 19 per cent increase in 2012. Of this support, around 37 per cent is for adaptation activities in developing countries, while the rest is cross-cutting. There is no specific support for mitigation. Around 70 per cent of the support is provided through special United Nations bodies; around 25 per cent goes through multilateral financial institutions, including regional development banks; and the remainder goes through multilateral climate change funds.

42. Iceland provided USD 1,640 thousand and USD 3,042 thousand in support through bilateral channels in 2011 and 2012, respectively, which shows an 85 per cent increase. Of this support, in 2011, around 48 per cent went to adaptation activities in developing countries, 42 per cent to mitigation and the rest to cross-cutting actions, while in 2012, 72 per cent went to adaptation, 24 per cent to mitigation and 4 per cent was for cross-

cutting actions. More than 90 per cent of the support was delivered to Malawi, Mozambique, Nicaragua and Uganda.

43. Iceland does not provide in its BR1 information on its approach to tracking the support provided, indicators and delivery mechanisms used. However, Iceland provided relevant information during the review, including the report *Vision and Procedures 2012–2014*.[1] According to this report, Iceland monitors the progress of projects and conducts evaluations regularly in collaboration with its partners. A baseline is established at the start of each project, against which subsequent results are measured. Iceland uses the same indicators as used by the OECD to assess the progress of the Paris Declaration to measure the results of its financial support operations, such as percentage of allocations included in the national budgets of the partner countries.

44. Iceland does not provide detailed information on the financial flows to fast-start finance in its BR1; however, Iceland provided the document *Iceland's Fast Start Finance Status Report* during the review. According to the status report, the support provided in 2011 and 2012 was USD 350 thousand and USD 650 thousand, respectively. Mitigation programmes receive 30 per cent of this financial support, while adaptation and capacity-building programmes receive 28 per cent and 42 per cent, respectively. All of this support is provided through international multilateral channels (e.g. the UNFCCC, the Food and Agriculture Organization of the United Nations, United Nations Women and the International Renewable Energy Agency).

3. Technology development and transfer

45. In its BR1, Iceland has provided information on activities related to the transfer of technology to developing countries, and information on success stories, such as the geothermal project in Nicaragua.

46. The BR1 does not include information required by the UNFCCC reporting guidelines on BRs relating to supporting the development and enhancement of endogenous capacities and technologies of developing countries, and Iceland does not provide this information in table 8 of its BR1. The ERT noted the challenges Iceland faced in distinguishing technological and capacity-building support from financial support, as all of the technological and capacity-building support actions are also supported by Icelandic financial support. Iceland explained that CTF table 8 was not filled-in in order to avoid double counting the financial support.

47. The ERT recommends that Iceland provide information on key projects on technology transfer in its next BR in CTF table 8. The ERT also recommends that Iceland provide information on support for the development and enhancement of endogenous capacities and technologies of non-Annex I Parties.

48. Iceland's support for technology transfer with regard to the implementation of the Convention includes a broad spectrum of activities. These activities comprise, inter alia, geothermal projects, training on geothermal technology, sustainable fisheries, land restoration training, and programmes on water and sanitation. In terms of Iceland's measures related to the promotion, facilitation and financing of the transfer of, or access to, environmentally sound, climate-friendly technologies, there is a particular focus on renewable energy and sustainable fisheries. The United Nations University Geothermal Training Programme has for many years played an important role in that regard. Activities reported in the BR1 are all undertaken by the public sector. However, with the new geothermal development initiative in East Africa, implemented from 2013 onwards by the

[1] *The Icelandic International Development Agency*, 2014. Available at <http://www.iceida.is/english/publications/>.

Icelandic International Development Agency, cooperation with the private sector will increase.

49. An example of a success story on technology transfer provided by Iceland is a geothermal project in Nicaragua called Geothermal Capacity Building Project Nicaragua (GCBP), with total funding of USD 3.583 million. The project operated from 2008 to 2012, builds up know-how within the public sector on how to develop geothermal resources within Nicaragua, and endows the geochemical laboratory at the Ministry of Energy and Mines of Nicaragua with technical resources, infrastructure and equipment.

4. Capacity-building

50. In its BR1, Iceland has provided information on how it has provided capacity-building support for mitigation, adaptation and technology. Iceland is helping to build capacity in developing countries to mitigate and manage the impacts of climate change. Through the United Nations University training programmes, Iceland has helped to enhance the capacity of participating countries to adapt to and mitigate climate change by training officials in the fields of geothermal energy, fisheries and sustainable land management, as well as in gender equality. Malawi, Mozambique and Uganda are the priority developing countries for the capacity-building support from Iceland, among which Uganda is also supported with a gender and climate change training programme.

51. The BR1 does not include information required by the UNFCCC reporting guidelines on BRs in CTF table 9, and does not provide information on how it has provided capacity-building support that responds to the existing and emerging capacity-building needs identified by non-Annex I Parties. The ERT noted the challenges Iceland faced in distinguishing technological and capacity-building support from financial support. Iceland explained that CTF table 9 was not filled-in in order to avoid double counting the financial support.

52. The ERT recommends that Iceland provide information on how it addresses the capacity-building needs identified by non-Annex I Parties, and also encourages Iceland to provide information in its next BR for CTF table 9.

III. Conclusions

53. The ERT conducted a technical review of the information reported in the BR1 and CTF tables of Iceland in accordance with the UNFCCC reporting guidelines on BRs. The ERT concludes that the BR1 and CTF tables provide a general overview of information on: emissions and removals related to the quantified economy-wide emission reduction target, a description of the target, progress made by Iceland to achieve its target, and provision of support to developing country Parties. During the review, Iceland provided additional information on the quantified economy-wide reduction target, PaMs, projections and financial support.

54. Iceland's emissions for 2012 were estimated to be 26.3 per cent above its 1990 level excluding LULUCF and 9.8 per cent above its 1990 level including LULUCF. Emission increases were driven by strong economic growth, population growth and the increase in production capacity of the non-ferrous industry. These factors outweighed improvements made in increasing the share of renewable energy from hydropower and geothermal energy.

55. Iceland participates in the EU quantified economy-wide target to achieve a 20.0 per cent reduction in emissions by 2020 compared with the 1990 (base year) level. The target for the EU and its member States is based on the EU 2020 climate and energy package. Emissions and removals from the LULUCF sector are not included in the EU's quantified

economy-wide target and Iceland does not plan to use units from market-based mechanisms to meet its target. Across the EU and Iceland, it is expected that the EU ETS will guarantee that emissions from sectors falling under the EU ETS will achieve the 2020 target of a 21.0 per cent reduction compared with the 2005 level. Iceland's projected GHG emissions without LULUCF under the 'with measures' projection are 23.7 per cent above the 1990 level.

56. Iceland provided information on the provision of financial resources, technology transfer and capacity-building to developing country Parties according to the requirement under the Convention. The amount of financial support in 2012, which is USD 9.7 million, increased significantly relative to 2011, and the "new and additional" support amounts to USD 2.4 million. Iceland took Afghanistan, Malawi, Mozambique, Uganda and the State of Palestine as priority countries for providing support, all of which have climate change as a cross-cutting issue. Technology in renewable energy sources and the fisheries sector is the main focus of Iceland's technology transfer. Gender equity in climate change, adaptation in priority countries and training programmes with the United Nations University are the main focus of capacity-building support by Iceland.

57. In the course of the review, the ERT formulated several recommendations relating to the completeness and transparency of Iceland's reporting under the Convention. The key recommendations[9] are that Iceland:

(a) Improve the completeness of reporting by including in the next BR the following:

(i) Information on the effects of all reported PaMs;

(ii) A projection for the LULUCF sector;

(iii) A description of its national approach for tracking the provision of financial support to non-Annex I Parties, including information on indicators and delivery mechanisms used and allocation channels tracked;

(iv) Information on how it seeks to ensure that the resources it provides effectively address the needs of non-Annex I Parties with regard to climate change adaptation and mitigation;

(v) Information on support for the development and enhancement of endogenous capacities and technologies of non-Annex I Parties;

(vi) Information on key projects on technology transfer in CTF table 8;

(vii) Information on how it addresses the capacity-building needs identified by non-Annex I Parties;

(b) Improve the transparency of reporting by including in the next BR the following:

(i) A more detailed description of the 2020 target;

(ii) Information on mitigation actions in the LULUCF sector;

(iii) Information on which PaMs, including those from the Action Plan, are included in the 'with measures' scenario;

(iv) An indication in CTF table 7 of what "new and additional" financial resources have been provided.

[9] The recommendations are given in full in the relevant sections of this report.

58. The ERT further recommends that Iceland improve the timeliness of submission of BRs and submit its second BR (BR2) and BR2 CTF tables by 1 January 2016.

Annex

Documents and information used during the review

A. Reference documents

"UNFCCC biennial reporting guidelines for developed country Parties". Annex to decision 2/CP.17.
Available at <http://unfccc.int/resource/docs/2011/cop17/eng/09a01.pdf#page=4>.

"Guidelines for the technical review of information reported under the Convention related to greenhouse gas inventories, biennial reports and national communications by Parties included in Annex I to the Convention". Annex to decision 23/CP.19. Available at <http://unfccc.int/resource/docs/2013/cop19/eng/10a02.pdf#page=20>.

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B. Additional information provided by the Party

Responses to questions during the review were received from Mr. Hugi Olafsson and Mr. Stefan Einarsson (Ministry for the Environment and Natural Resources, Department of Oceans, Water and Climate), including additional material on updated policies and measures, greenhouse gas projections, provision of support to developing countries and recent climate policy developments in Iceland.